



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

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FOR IMMEDIATE RELEASE

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KYLE MAN SENTENCED TO FEDERAL PRISON FOR FRAUD AND THEFT OFFENSES

United States Attorney Johnny Sutton announced that David Allen Smith, 51, of Kyle, Texas, was sentenced today to ten years in federal prison for several fraud and money laundering offenses. U.S. District Judge Lee Yeakel also ordered that Smith pay more than \$37,000 restitution and be placed on supervised release for three years after serving his prison term.

"Smith is a perpetual con artist who earned every day of his ten-year federal prison term," stated United States Attorney Johnny Sutton.

On September 29, 2005, Smith pleaded guilty to a five-count indictment charging him with one count each of mail fraud, making a false claim against the United States, unlawful use of a means of identification, interstate transportation of stolen property, and money laundering.

According to court documents, in April 2001, Smith took out ads in newspapers and on the Internet soliciting for a purported executive position with an entity he operated called New Directions in Corrections. Through New Directions in Corrections, Smith promoted himself as a model for the rehabilitation of prisoners, based on his many years in prison as a result of numerous state and federal felony convictions.

As Smith received applications for the advertised position, he managed to acquire personal information from the applicants which he claimed would be used to conduct background checks. Smith instead used the personal information to obtain false Louisiana and Nevada driver's licenses in each of the applicants' names, but which bore Smith's own likeness. Smith subsequently used those false driver's licenses to cause false federal income tax returns to be prepared and filed with the Internal Revenue Service, all of which claimed refunds. To immediately reap the benefits of the falsely claimed tax refunds, Smith fraudulently obtained "refund anticipation loans" as to each of the false tax returns, stealing tens of thousands of dollars in such loans. Smith then purchased a Rolex watch in New Orleans using a \$20,000 line of credit he fraudulently opened in the name of one of the victims whose identity Smith stole. Smith subsequently transported the stolen watch to Austin, where he resold it for cash to an unsuspecting merchant. All told, Smith caused over \$50,000 in loss to his victims.

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During this morning's hearing, Judge Yeakel noted Smith's extensive history of criminal behavior, including several federal fraud convictions. In 1977, Smith was convicted of wire fraud and sentenced to federal prison. In 1983, Smith was convicted in federal court for making false claims against the United States by preparing and filing false tax returns and was returned to federal prison. In 1986, while serving his federal prison sentence at the federal prison facility in Bastrop, Texas, he made false claims against the United States for preparing and filing false tax returns which claimed refunds. In 1990, he was convicted in federal court in Austin of conspiracy to file false tax returns in which he helped to prepare and file false tax returns which claimed refunds and used the names of fellow prison inmates. Smith was on parole for the 1990 conviction when he committed the crimes for which he was convicted and sentenced today.

This case was investigated by the Austin Police Department and Internal Revenue Service - Criminal Investigation Division. Assistant United States Attorney Matthew Devlin prosecuted this case on behalf of the government.

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